

Distribution of Federal offshore revenues to States under section 8(g) of the Outer Continental Shelf Lands Act, as amended

Section 8(g) of the Outer Continental Shelf Lands Act (OCSLA) Amendments of 1978 provided that the States were to receive a “fair and equitable” division of revenues generated from the leasing of lands within 3 miles of the seaward boundary of a coastal State containing one or more oil and gas pools or fields underlying both the Outer Continental Shelf and lands subject to the jurisdiction of the State. The States and the Federal Government, however, could not reach agreement concerning the meaning of the term “fair and equitable.” Revenues generated within the 3-mile boundary were placed into an escrow fund beginning August 1979. Revenues from the Beaufort Sea in Alaska were placed into a second escrow fund under section 7, beginning December 1979.

Congress resolved the dispute over the meaning of “fair and equitable” in the OCSLA Amendments of 1985, Public Law 99-272. The law provides for the following distribution of section 8(g) revenues to the States:

- Disbursement of escrow funds during Fiscal year (FY) 1986-87;
- A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and
- Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected state’s 8(g) zone.

Congress passed a second law, Public Law 100-202, permitting distribution of \$322.9 million of the section 7 Beaufort sea escrow funds to Alaska in FY 1988.